

## Funding Rates, Cost Categories and State Aid Rules, INNO-CCUS pool 5

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## 1. Introduction

This document provides an overview of the maximum funding rate each project participant can apply for and what costs the INNO-CCUS partnership can finance. It also explains in broader terms the state aid rules that determine the funding rates per participant type. The rules and regulations in this document are based on the Guidelines 2026 for the Grand Solutions Programme under the Innovation Fund Denmark (IFD) with only minor adaptations to specific INNO-CCUS requirements.

The budgetary rules depend on:

- What type of organisation you represent as an applicant
- Whether you carry out economic or non-economic activities
- Whether the funding you apply for is under the GBER or de minimis regulation for state aid
- Whether you carry out industrial research or experimental development activities in the project

## 2. Industrial research or experimental development

In the EU's aid for research and development, a distinction is made between industrial research and experimental development as specified in Commission Regulation (EU) no. 651/2014 and 2023/1315:

- **Industrial research:** Planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services, or aimed at bringing about a significant improvement in existing products, processes or services, including digital products, processes or services, in any area, technology, industry or sector (including, but not limited to, digital industries and technologies, such as super-computing, quantum technologies, block chain technologies, artificial intelligence, cyber security, big data and cloud or edge technologies). Industrial research comprises the creation of component parts of complex systems and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation.
- **Experimental development:** Acquiring, combining, shaping and using existing scientific, technological, business, and other relevant knowledge and skills with the aim of developing new or improved products, processes or services, including digital products, processes, or services, in any area, technology, industry or sector (including, but not limited to, digital industries and technologies, such as super-computing, quantum technologies, block chain technologies, artificial intelligence, cyber security, big data and cloud or edge technologies). This may also encompass, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services. Experimental development may comprise prototyping, demonstrating, piloting, testing, and validation of new or improved products, processes or services in environments representative of real-life operating conditions, where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot, which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or

periodic changes made to existing products, production lines, manufacturing processes, services, and other operations in progress, even if those changes may represent improvements.

### **3. Maximum funding rates for organisation types**

Tables 1 to 4 below provide an overview of the maximum funding rates for projects funded by INNO-CCUS pursuant to the regulation on state aid rules as described in section 6 of this document.

For each work package in the project, the activities and costs must be divided between industrial research, focusing on gaining new knowledge, or experimental development, focusing on utilising existing knowledge (see definitions above). This split is necessary because the funding rates for the activity types vary for enterprises (see Table 2). Please note that the maximum funding rates in Tables 1 to 4 must not be exceeded.

Please also note that the total funding received from INNO-CCUS for a project cannot exceed 75%, irrespective of the composition of organisation types in the project consortium and the maximum funding rates for the individual partners.

*Table 1. Maximum funding rates for public institutions, see Section 6.1 and 6.2*

<b>Organisation type</b>	<b>Industrial research</b>	<b>Experimental development</b>	<b>Overhead</b>
Danish public research institutions (including universities, university colleges, and sector research institutes)	90%	90%	44%
Non-Danish public universities (including universities in Greenland and on the Faroe Islands)			20%
Danish public hospitals, national museums, and state-accredited museums (under the Museum Act in Denmark)			3.1%
All other Danish and non-Danish public entities, for instance municipalities, regions, and government agencies			0%
Public institutions which carry out economic activities in the project	Rates for enterprises	Rates for enterprises	Rates for enterprises

Table 2. Maximum funding rates for enterprises and national cluster organisations, see Section 6.1

Organisation type	Flat rate, de minimis	Industrial research	Experimental development	Overhead
SMEs	No	75%	50%	0%
	Yes	60%	35%	
Large enterprises	No	65%	40%	
	Yes	50%	25%	
Danish national cluster organisations <sup>1</sup> with less than 250 FTEs and either a turnover of less than EUR 50 million or a balance of EUR 43 million	No	75%	50%	20%
	Yes	60%	35%	0%
Danish national cluster organisations with more than 250 FTEs and either a turnover of more than EUR 50 million or a balance of EUR 43 million	No	65%	40%	20%
	Yes	50%	25%	0%

Table 3. Maximum funding rates for GTS institutes, see Section 6.2

Organisation type		Industrial research	Experimental development	Overhead
Danish GTS institutes	Non-economic activities	60%	60%	0% (salaries multiplied by the GTS cost factor)
	Economic activities	Rates for enterprises	Rates for enterprises	Rates for enterprises

Table 4. Maximum funding rates for private/ non public research institutions, see Section 6.2

Organisation type		Industrial research	Experimental development	Overhead
Private/non-public institutions which carry out non-economic activities in the project and fulfil the requirements as a research- and knowledge-dissemination institution <sup>2</sup> (special conditions apply, contact INNO-CCUS before using this rate)	Danish	90%	90%	0%
	Non-Danish	Rates for enterprises	Rates for enterprises	Rates for enterprises

<sup>1</sup> For an overview of Danish national cluster organisations (in Danish), please refer to:

<https://ufm.dk/aktuelt/pressemeddelelser/2020/filer/presentation-udpegede-klynger.pdf>

<sup>2</sup> For more information on the definition of research- and knowledge-dissemination institutions see (in Danish only):

<https://lbst.dk/Media/638543057776003246/Vejledning%20om%20definitionen%20af%20en%20forsknings-%20og%20videnformidlingsinstitution%202024.docx.pdf>

Commercial enterprises that operate with profit in mind cannot use the investment rate in Table 4.

#### **4. What kind of expenses can be covered by INNO-CCUS?**

**All direct project costs must be included in the budget**, meaning costs directly attributable to the project, regardless of whether you are seeking to have those costs covered by INNO-CCUS or whether the costs will be borne by the project participants themselves or by a third party (see Section 5 on co-financing). The budget should not contain VAT or other turnover tax.

The budget cannot include indirect costs. Indirect costs (see text box for definition) can be covered by the overhead if applicable for the organisation type; see Tables 1 to 4 in section 3 above.

##### **Indirect costs**

Indirect costs are costs that cannot be directly attributed to the activity in the project, for instance premises expenses (rent, heating, water, electricity, cleaning, maintenance, etc.), office expenses (telephone, postage, office supplies, etc.), indirect wage costs (canteen subsidies, continuing education), computer expenses, expenses for management, administration, insurances, calculated costs for statutory insurances, return on working capital, return on fixed capital, amortization of fixed assets, etc.

The project's direct costs are calculated in accordance with the rules provided in Sections 4.1 – 4.4, 6.1, and 6.2 for each organisation type. The total project costs are divided among the project participants based on the principle that the entity covering a given expense must include it in its own budget. For salaries, this means that the institution/enterprise paying the salaries during the project period must include these costs in its own budget.

For each project participant, the direct costs must be divided into the following categories:

- Salaries
- Equipment and materials
- Other project-related costs (events, open access publication, travel, accommodation)
- External services (consultancy costs and other services)
- Overhead

#### **4.1 Salaries**

Direct salary costs are salaries for all staff working on the project, including project management and project administration for the project in question. Direct salary costs include actual salary costs, calculated on the basis of the annual gross salary, including pension, insurance, and holiday pay. **To calculate the gross hourly salary, an annual total of 1,642 person-hours for a full-time employee is used** (the budgeted person-hours must realistically reflect the submitted budget and work plan). The calculated gross hourly salary per employee cannot exceed DKK 1,000.

Salary costs, for which other public subsidies (wage subsidies) are received, cannot be included. Similarly, working time for voluntary workers or costs (if any) for voluntary workers cannot be included in the budget. Compensation for overtime, sick pay, leave of absence, etc., cannot be included in the calculation.

**PhD students can participate in the project as staff and may be included in the budget and financial reporting.** Initially, only the time spent on the project can be covered. However, it may be allowed to include PhD students' time spent outside the project, if this contributes to increasing the capacity within the CCUS field and contributes to INNO-CCUS' impact on the overall mission as outlined in the roadmap. PhD fees and other related costs are not covered.

All project participants are obligated to ensure time registration of the employees participating in the project. The time registration must reflect the work plan and the progress of the project.

If a project participant is employed by more than one project partner, these entities will determine how the project hours are divided between them. Thus, each entity will include salaries for that entity's share of the project hours in its own budget.

Enterprises applying for funding under the de minimis regulation can choose to use an hourly flat rate of DKK 750 when budgeting instead of an hourly pay rate based on the actual salary costs.

If a participant does not apply for funding from INNO-CCUS but is co- or self-financing all of their salary or other expenses within the project, then the participant can use an hourly flat rate of DKK 600 for salary expenses in the budget.

GTS institutes performing non-economic activities can multiply the salaries by the cost factor for the institute concerned, as documented and approved by the Danish Agency for Higher Education and Science. This cost factor applies to the full duration of the project period.

#### **4.2 Equipment and materials**

Equipment and materials refer to any costs necessary for carrying out the planned activities and other direct project-related costs, such as purchasing materials. If the equipment is used for the project for only part of its lifespan or only partly used by the project, the depreciation costs during the project duration alone can be included in the budget. The depreciation costs must be calculated in accordance with normal accounting practice.

#### **4.3 Other direct project-related costs**

Must be stated as actual, anticipated costs. These can for instance be events, travel, meetings, accommodation, catering, communication, and audit costs. Please note that expenses for obtaining own patents are not eligible costs.

#### **4.4 External services and subcontractors**

Some projects will depend on large-scale services, such as costs for consultancy support, contract-based research, or other services purchased from external suppliers. If the cost for a single provider of external services in a project exceeds DKK 500,000, then the subcontractor's name must be listed in the budget. As a rule, a subcontractor is not defined as a project participant. In exceptional cases, if an entity in the same project is a project participant as well as a subcontractor of other participants, the costs for the subcontractor must not exceed the cost price of the supplier for the subcontracting in question.

#### **4.5 Overheads**

IFD calculates the overhead as a fixed percentage of all direct costs. Overheads can only be included for certain project participants (see Table 1-4).

## **5. Co-financing**

All co-financing must be included in the budget in the relevant cost categories. Co-financing is part of the direct project costs and must be documentable and directly related to the project. The budget can include financing obtained from other third parties for the activities covered by the application. In order to ensure compliance with the EU rules on state aid, no applicant can receive funding from INNO-CCUS for activities supported by any other public sector subsidisation schemes within the EU or EU member states, including Denmark, unless this has been explicitly authorised in writing by IFD.

Please note that INNO-CCUS does not accept applications in which a successful outcome is dependent on receiving additional funding for further research and development (e.g., projects that involve financing in multiple phases).

## **6. Rules for State Aid**

### **6.1 Organisations that carry out economic activities**

Funding from INNO-CCUS to private enterprises, trade or interest organisations, or other organisation types who carry out economic activities is granted in accordance with the Block Exempted Aid<sup>3</sup> from the EU's rules on state aid, also known as GBER, or in accordance with de minimis aid covered by the de minimis regulation<sup>4</sup>. Project participants who engage in economic activities must decide whether their budget is regulated by GBER or de minimis rules based on the criteria listed below.

The funding rates furthermore depend on whether activities fulfil the requirement for industrial research or experimental development. This split is necessary because the funding rates vary for enterprises, depending on whether the activity focuses on gaining new knowledge (industrial research) or on utilising existing knowledge (experimental development) (see section 2).

Applicants who must always comply with either the GBER or de minimis budgetary rules are:

- Large private enterprises and SMEs and all other entities who do not qualify as the other organisation types listed in Tables 2 to 4.
- Danish national cluster organisations<sup>5</sup> must observe the same rules as the rules for state aid to enterprises. However, the Danish national cluster organisations are entitled to receive an overhead rate of 20%.
- Public sector institutions or GTS institutes who carry out economic activities in the project, for instance by providing consultancy services, must also follow the budgetary rules for private sector enterprises.

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<sup>3</sup> [Commission Regulation \(EU\) no. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid. Article 8.](#)

<sup>4</sup> [Commission Regulation \(EU\) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.](#)

<sup>5</sup> For more information about the national cluster organisations, see [Videns- og erhvervsklynger](#) (in Danish).

### 6.1.1 Funding covered by GBER

To receive the maximum rates under the GBER rules set in Tables 2 to 4 above, the project must either involve effective collaboration<sup>6</sup> or widely disseminate the results<sup>7</sup> of the project.

The project is considered to involve **effective collaboration** if it meets one of the following conditions:

- a) The project is between undertakings and at least one enterprise is characterised as an SME, or the project is carried out in at least two member states or in a member state and in a contracting party of the EEA Agreement, and no single undertaking bears more than 70% of the eligible costs.
- b) The project is between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10% of the eligible costs and have the right to publish their own research results.

The project is considered to involve **wide dissemination of results** if the results of the project are disseminated through conferences, publication, open access repositories, or free or open-source software.

If none of the above conditions are met, the maximum rate of funding from INNO-CCUS for the project participant will be 15.0% lower than the rates in Tables 2 to 4.

### 6.1.2 Funding covered by the de minimis regulation

Funding from INNO-CCUS up to EUR 300,000 may be granted pursuant to the conditions for de minimis aid set out in the de minimis regulation<sup>8</sup>. The total amount of de minimis aid granted to any enterprise, including from other entities or programmes than INNO-CCUS, shall not exceed EUR 300,000 over any period of the previous three years up till the de minimis funding. Calculation of the de minimis total amount includes the full amount of the new INNO-CCUS funding.

For enterprises in the primary fishery and aquaculture sector<sup>9</sup> or the primary agricultural sector<sup>10</sup>, the total amount of de minimis aid shall not exceed EUR 30,000 or EUR 20,000 respectively over the two preceding financial years and the current financial year as specified in the de minimis regulations applicable to these sectors.

Enterprises within road haulage (paid by third party) cannot use the flat rate of pay per hour but must use the actual salary costs in accordance with GBER when budgeting.

### 6.1.3. Disqualification from participation in applications

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<sup>6</sup> [Commission Regulation \(EU\) no. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid. Article 2, section 1 \(90\).](#)

<sup>7</sup> [Commission Regulation \(EU\) no. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of articles 107 and 108 of the Treaty of the Functioning of the European Union to de minimis aid. Article 25, section 6a and 6bca.](#)

<sup>8</sup> [Commission Regulation \(EU\) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.](#)

<sup>9</sup> For more information on the primary fishery and aquaculture sector, see: <https://eur-lex.europa.eu/legal-content/DA/TXT/PDF/?uri=CELEX:02014R0717-20231025>

<sup>10</sup> For more information on the primary agricultural sector, see: <https://eur-lex.europa.eu/legal-content/DA/TXT/PDF/?uri=CELEX:02013R1408-20231025>

- An ‘undertaking in difficulty’ as defined in article 2, point 18, of the General Block Exemption Regulation (GBER)<sup>2</sup> cannot receive funding from INNO-CCUS or IFD.
- An applicant who previously has received aid that has been declared incompatible with the internal market according to the European Commission, and who has not repaid such aid at the time of submitting the application to IFD, cannot receive funding from INNO-CCUS or IFD.
- An investment from IFD - and thereby from INNO-CCUS - must not contravene national or international sanctions, including sanctions on the freezing of funds or prohibitions on direct and indirect provision. The EU has significantly limited access to funds and financial resources for certain persons, entities, or bodies. A consolidated list of actors subject to EU sanctions is available online<sup>11</sup>.

## **6.2. Organisations that carry out non-economic activities**

### 6.2.1 Public sector institutions

Public sector institutions whose primary goal is to independently conduct fundamental research, industrial research, or experimental development, or to widely disseminate the results of such activities by way of teaching, publication, or knowledge transfer<sup>12</sup>, carry out non-economic activities.

Furthermore, independent research and development conducted by private institutions aiming to achieve knowledge and better understanding, including research and development cooperation as well as dissemination of research results, sometimes qualify as non-economic activities, however this must be approved by IFD prior to funding.

#### **There are four categories for public sector institutions:**

- Danish institutions (including universities, university colleges, and sector research institutes) subject to the rules on subsidised research activities under the Danish Ministry of Finance’s budgetary guidelines<sup>13</sup>.
- Non-Danish universities (including universities in Greenland and on the Faroe Islands).
- Danish public hospitals, national museums and state-accredited museums (under the Museum Act in Denmark).
- All other Danish and non-Danish public entities, for instance municipalities, regions, and government agencies.

If a public institution carries out economic activities in the project, for instance by providing consultancy services, the budgetary rules for private sector enterprises apply (see Section 6.1.1. and Table 2).

### 6.2.2 Danish GTS institutes

<sup>11</sup> [Council Regulation \(EU\) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine](#)

<sup>12</sup> [Commission Regulation \(EU\) no. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid. Article 2, section 83.](#)

<sup>13</sup> For more information, see the Danish Ministry of Finance’s budgetary guidelines: [https://fm.dk/media/18805/budgetvejledning-2021\\_a.pdf](https://fm.dk/media/18805/budgetvejledning-2021_a.pdf)

The INNO-CCUS maximum funding rate for GTS institutes depends on whether the project activity relates to non-economic or economic activities. In case of non-economic activities, it is a requirement that the project results are published or, by other means, made publicly available to all on equal terms.

If GTS institutes perform economic activities in a project or use the obtained results for economic activities, the budgetary rules for enterprises must be followed (see Section 6.1.1 and Table 2).

### 6.2.3 Private/non-public institutions performing non-economic activities

Based on an individual evaluation, it may be decided to award INNO-CCUS funding to non-economic activities performed by private/non-public institutions. Funding awarded to non-economic activities will be made pursuant to these guidelines and subject to the maximum funding rates in Table 4. Please note that it is obligatory that the project activities for the institution are mainly industrial research and/or experimental development.

To obtain IFD's approval for using the maximum funding rate in Table 4, private/non-public institutions which carry out non-economic activities in the project must fulfil the requirements as a research- and knowledge-dissemination institution<sup>14</sup>.

Commercial enterprises that operate with profit in mind cannot use the funding rate in Table 4.

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<sup>14</sup> As defined in (Danish only):

<https://lbst.dk/Media/638543057776003246/Vejledning%20om%20definitionen%20af%20en%20forsknings-%20og%20videnformidlingsinstitution%202024.docx.pdf>.